

Enroll Today!

Governor O’Malley proposed and signed into law a program to reduce the number of uninsured Marylanders. The Working Families & Small Business Health Coverage Act, approved during the Special Session of 2007 establishes the Health Insurance Partnership for small employers not currently offering health insurance to their employees.

The Health Insurance Partnership will:

- Provide an incentive for employers with 2-9 employees to offer health insurance for their employees;
- Assist low and moderate income employees of these small employers in obtaining health insurance; and
- Promote access to health care services and reward participating individuals for efforts to improve their health and/or manage chronic disease.

Health Insurance Partnership Summary

Under the Health Insurance Partnership, a small business that has 2 to 9 full-time employees, has not offered health insurance to its employees during the previous 12 months, and meets wage and salary requirements established by the Commission, is eligible to receive a subsidy of up to 50% of the premium. Family coverage can also be subsidized. Once enrolled in the Partnership, the business continues to be eligible for the subsidy until it exceeds wage or firm size limits. To receive the premium subsidy, the employer must establish a Section 125 premium conversion plan and must also purchase a wellness benefit as part of the health plan. The

subsidy goes both to the employer and to the employee. Enrollment will be capped to stay within the Partnership’s approved annual budget.

Eligibility Requirements for the Business

At the time of initial application, the business must meet the following requirements:

- The business has at least 2 and no more than 9 eligible employees. Eligible employee means an individual who is not a temporary, seasonal, or substitute employee and works 30 hours or more per week. Independent contractors who work more than 30 hours a week and whom the employer chooses to insure are counted as eligible employees. Owners and partners working at least 30 hours per week at the business count as eligible employees.
- The business has not offered a small group policy to its employees in the most recent 12 months.
- The average wage of all eligible employees is below \$50,000.

Eligibility Requirements for the Employee

Any full-time employee who obtains health insurance through an eligible small employer’s plan may receive a subsidy toward the cost of employee-only coverage. A full-time employee seeking an additional subsidy for dependent coverage (spouse and/or children) must have a family income of less than \$75,000. Part-time, temporary, and seasonal employees do not qualify for a subsidy.

Amount of Premium Subsidy

The subsidy per employee depends on the health insurance coverage chosen and the average annual wage for the business. The premium subsidy is up to 50% of the premium for each participating employee, not to exceed a maximum amount set by the Commission. Each year, the Commission will publish a premium schedule on the Commission’s website showing the maximum subsidy amount for different types of coverage (employee-only, employee plus child, employee plus spouse, and family) and different average annual wage amounts.

Because some employers prefer health insurance that combines a high-deductible health plan with a tax-advantaged Health Savings Account, any planned employer contribution to an employee’s Health Savings Account is treated as an additional employer premium contribution in calculating the premium subsidy.

Abbreviated Maximum Subsidy Table

Effective October 1, 2008

Average wage	Employee only	Employee + child(ren)	Employee + spouse	Family
<\$25,000	\$2000	\$3000	\$4000	\$5000
\$30,001	\$1538	\$2308	\$3077	\$3846
\$35,001	\$1154	\$1731	\$2308	\$2885
\$40,001	\$769	\$1154	\$1538	\$1923
\$45,001	\$385	\$577	\$769	\$962
\$50,001	\$0	\$0	\$0	\$0

The full Maximum Subsidy Table is available at <http://mhcc.maryland.gov/partnership>

How is the Subsidy paid?

The insurance company will bill the State for the subsidy and will bill the employer for the total premium less the subsidy. The employer collects the employee’s share of the subsidized premium through payroll deduction, and pays the subsidized employer and employee share of the premiums to the insurance company.

How do I apply?

Employers should first select a health insurance broker/agent who will assist with the subsidy application process. The employer will have to provide the required information in an application for health insurance plus additional information about the wages of each full-time employee. Based on that information, the broker/agent will be able to calculate the total subsidy per employee for different health plans as well as the total cost to the employer after the subsidy is applied.

The employer and broker/agent will work together to select a small employer health benefit plan that includes a wellness benefit. A wellness benefit must be included within the health plan in order for the plan to qualify for the subsidy. The employer also decides how much to contribute toward the premium for employee coverage, toward the additional cost of dependent coverage, and toward the employee’s Health Savings Account, if any. No specific employer contribution is required, but the employer contribution, supplemented by the subsidy, needs to be high enough so that 75% of

the full-time employees without group or public health insurance will choose at least employee-only coverage.

The total subsidy is divided between an employer and the employee based on the contribution each makes toward the cost of coverage. The employer receives the total subsidy in the form of lower premium payments, and passes the employee's share through to the employee in the form of lower payroll deductions for the health insurance.

Finally, the employer will establish a Section 125 plan within 60 days of enrollment in the Partnership. This plan can be either a premium only plan or a cafeteria plan. A Section 125 plan allows employee premium payments to be withheld from pay on a pre-tax basis, saving income and social security taxes for the employee and social security taxes for the employer. Please consult with a tax advisor about the tax advantages of a payroll deduction plan under Section 125 of the Internal Revenue Code.

FAQs

How do I sign my business up for the Health Insurance Partnership?

Simply work with a local insurance agent or broker to register and find the right health care plan for you and your business. Enrollment will be capped to stay within the approved annual budget.

Is the Health Insurance Partnership only available for a limited time?

No, the Governor and the General Assembly intend for this to be an ongoing program.

What happens when the Health Insurance Partnership reaches its capacity?

No new applications will be accepted. If you are interested in the subsidy, see your insurance broker/agent promptly about qualifying.

What happens if my business grows during the year?

Each business qualifies based on its size at the time of application. During the policy year, new full-time employees are eligible for the subsidy. The business pays the same premium per new employee and receives the same subsidy per new employee as all other currently enrolled employees.

What happens if my business's average wage increases during the year?

Nothing. At renewal your subsidy will be re-calculated to reflect the business's average wage at the time of renewal. The maximum subsidy available phases out as average annual wage increases from \$25,000 to \$50,000.

What happens at annual renewal?

Your premium will be re-calculated by the carrier based on the characteristics of the group. The subsidy amount will be re-calculated based on the number of full-time employees and their average wages. Note that subsidies are lower for businesses with 10-19 employees. Businesses with 20 or more full-time employees will no longer be eligible for the subsidy.

What is a "wellness benefit"?

A wellness benefit consists of a Health Risk Assessment with written recommendations to reduce risk, and a financial incentive to promote preventive care, healthy behavior, or disease management.



4160 Patterson Avenue
Baltimore, Maryland 21215
410-764-3460
Toll Free: 877-245-1762
Fax: 410-358-1236
TDD: 800-735-2258

Updated 11/18/2008



***Martin O'Malley, Governor
Marilyn Moon, Ph.D., Chair
Rex W. Cowdry, M.D., Executive Director***

mhcc.maryland.gov/partnership